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GENERAL PURPOSE FINANCIAL STATEMENTS

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

GENERAL PURPOSE FINANCIAL STATEMENTS

Year Ended March 31, 2004

78-7508

## AUDITING PROCEDURES REPORT

Issue under P.A. 2 of 1968, as amended. Filing is mandatory.

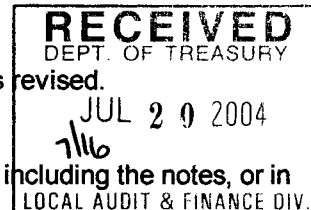
<b>Local Government Type</b> <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		<b>Local Government Name</b> Laingsburg, Sciota, Woodhull Emergency Services Authority	<b>County</b> Shiawassee and Clinton
<b>Audit Date</b> March 31, 2004	<b>Opinion Date</b> June 25, 2004	<b>Date Accountant Report Submitted to State:</b> June 25, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations



You must check the applicable box for each item below.

- |   |  |
|---|--|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during they year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).  |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).   |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

<b>Certified Public Accountant (Firm Name)</b> Campbell, Kusterer & Co., P.C.			
<b>Street Address</b> 512 N. Lincoln, Suite 100, P.O. Box 686	<b>City</b> Bay City	<b>State</b> MI	<b>Zip</b> 48707
<b>Accountant Signature</b> Campbell, Kusterer & Co., P.C.			

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

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# CAMPBELL, KUSTERER & CO., P.C.

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## INDEPENDENT AUDITOR'S REPORT

June 25, 2004

To the Authority Commission  
Laingsburg, Sciota, Woodhull Emergency Services Authority  
Shiawassee and Clinton Counties, Michigan

We have audited the accompanying general purpose financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan, as of March 31, 2004, and for the year then ended as listed in the table of contents. These general purpose financial statements are the responsibility of the Laingsburg, Sciota, Woodhull Emergency Services Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Authority has not maintained a record of its general fixed assets, and accordingly, a statement of general fixed assets, required by generally accepted accounting principles, is not included in the general purpose financial statements.

In our opinion, except that the omission of the financial statement described above results in an incomplete presentation, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan, as of March 31, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States.

*Campbell, Kusterer & Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS

March 31, 2004

EXHIBIT A

	<u>Governmental Fund Types</u>		<u>Account Group</u>	<u>Total (Memorandum Only)</u>
	<u>Special Revenue</u>		<u>General Long-</u>	
	<u>Fire</u>	<u>Ambulance</u>	<u>Term Debt</u>	
<u>Assets</u>				
Petty cash	150 00	-	-	150 00
Cash in bank	242 073 03	118 003 34	-	360 076 37
Accounts receivable	3 320 00	26 929 20	-	30 249 20
Special assessments receivable	-	3 426 90	-	3 426 90
Amount to be provided for retirement of general long-term debt	-	-	117 203 01	117 203 01
<b>Total Assets</b>	<u>245 543 03</u>	<u>148 359 44</u>	<u>117 203 01</u>	<u>511 105 48</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Contracts payable	-	-	117 203 01	117 203 01
Accounts payable	-	877 98	-	877 98
Accrued payroll	-	11 928 75	-	11 928 75
<b>Total liabilities</b>	<u>-</u>	<u>12 806 73</u>	<u>117 203 01</u>	<u>130 009 74</u>
Fund balances:				
Unreserved:				
Undesignated	245 543 03	135 552 71	-	381 095 74
<b>Total fund balances</b>	<u>245 543 03</u>	<u>135 552 71</u>	<u>-</u>	<u>381 095 74</u>
<b>Total Liabilities and Fund Balances</b>	<u>245 543 03</u>	<u>148 359 44</u>	<u>117 203 01</u>	<u>511 105 48</u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

EXHIBIT B

Year Ended March 31, 2004

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	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>Special Revenue</u>		<u>(Memorandum</u>
	<u>Fire</u>	<u>Ambulance</u>	<u>Only)</u>
Revenues:			
Appropriations from other local units:			
City of Laingsburg	18 241 98	16 230 00	34 471 98
Township of Sciota	37 406 76	20 100 00	57 506 76
Township of Woodhull	99 311 10	13 920 00	113 231 10
Township of Bennington	7 877 87	-	7 877 87
Charges for services	2 030 00	89 433 88	91 463 88
Interest	1 446 48	684 49	2 130 97
Miscellaneous	7 629 68	563 25	8 192 93
Total revenues	<u>173 943 87</u>	<u>140 931 62</u>	<u>314 875 49</u>
Expenditures:			
Public safety:			
Commission wages	1 320 00	1 360 00	2 680 00
Operating wages	27 715 00	44 538 00	72 253 00
Officers	9 208 31	-	9 208 31
Secretary	3 000 00	5 400 00	8 400 00
Payroll taxes	3 155 13	3 984 47	7 139 60
Office supplies	1 129 01	699 78	1 828 79
Operating supplies	984 93	4 353 51	5 338 44
Uniforms	3 246 73	-	3 246 73
Professional services	1 704 68	24 154 88	25 859 56
Memberships and dues	170 00	325 00	495 00
Physicals	241 43	138 00	379 43
Telephone	1 839 97	585 72	2 425 69
Radio maintenance	1 537 20	229 65	1 766 85
Transportation	1 447 38	-	1 447 38
Gasoline	1 949 24	1 279 01	3 228 25
Printing	81 40	-	81 40
Insurance	30 718 93	11 244 26	41 963 19
Utilities	8 960 19	3 373 34	12 333 53
Equipment maintenance	968 05	393 75	1 361 80

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – ALL GOVERNMENTAL FUND TYPES

Year Ended March 31, 2004

EXHIBIT B  
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	<u>Governmental Fund Types</u>		<u>Total</u>
	<u>Special Revenue</u>		<u>(Memorandum</u>
	<u>Fire</u>	<u>Ambulance</u>	<u>Only)</u>
Expenditures: (continued)			
Public safety (continued):			
Vehicle maintenance	6 713 53	1 274 70	7 988 23
Building expense	1 894 50	3 300 00	5 194 50
Snow plowing	1 695 00	-	1 695 00
Training	4 759 19	1 523 00	6 282 19
Miscellaneous	589 46	718 09	1 307 55
Capital outlay	<u>163 296 53</u>	<u>10 200 00</u>	<u>173 496 53</u>
Total expenditures	<u>278 325 79</u>	<u>119 075 16</u>	<u>397 400 95</u>
Excess (deficiency) of revenues over expenditures	<u>(104 381 92)</u>	<u>21 856 46</u>	<u>(82 525 46)</u>
Other financing sources (uses):			
Loan proceeds	<u>88 836 00</u>	<u>-</u>	<u>88 836 00</u>
Total other financing sources (uses)	<u>88 836 00</u>	<u>-</u>	<u>88 836 00</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15 545 92)	21 856 46	6 310 54
Fund balances, April 1	<u>261 088 95</u>	<u>113 696 25</u>	<u>374 785 20</u>
Fund Balances, March 31	<u>245 543 03</u>	<u>135 552 71</u>	<u>381 095 74</u>

The accompanying notes are an integral part of these financial statements.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND  
ACTUAL – FIRE AND AMBULANCE FUNDS  
Year Ended March 31, 2004

EXHIBIT C  
Page 1

	<u>Fire Fund</u>		<u>Over</u>
	<u>Budget</u>	<u>Actual</u>	<u>(Under)</u>
			<u>Budget</u>
Revenues:			
Appropriation from other local units:			
City of Laingsburg	17 000 00	18 241 98	1 241 98
Township of Sciota	34 800 00	37 406 76	2 606 76
Township of Woodhull	90 400 00	99 311 10	8 911 10
Township of Bennington	6 000 00	7 877 87	1 877 87
Charges for services	3 600 00	2 030 00	(1 570 00)
Interest	1 500 00	1 446 48	(53 52)
Miscellaneous	2 720 00	7 629 68	4 909 68
Total revenues	<u>156 020 00</u>	<u>173 943 87</u>	<u>17 923 87</u>
Expenditures:			
Public safety:			
Commission wages	1 680 00	1 320 00	(360 00)
Operating wages	26 000 00	27 715 00	1 715 00
Officers	9 600 00	9 208 31	(391 69)
Secretary	3 000 00	3 000 00	-
Payroll taxes	3 090 00	3 155 13	65 13
Office supplies	1 500 00	1 129 01	(370 99)
Operating supplies	1 250 00	984 93	(265 07)
Uniforms	4 000 00	3 246 73	(753 27)
Professional services	1 705 00	1 704 68	(32)
Memberships and dues	250 00	170 00	(80 00)
Physicals	1 000 00	241 43	(758 57)
Telephone	2 100 00	1 839 97	(260 03)
Radio maintenance	5 000 00	1 537 20	(3 462 80)
Transportation	1 500 00	1 447 38	(52 62)
Gasoline	3 000 00	1 949 24	(1 050 76)
Printing	150 00	81 40	(68 60)
Insurance	31 500 00	30 718 93	(781 07)
Utilities	7 350 00	8 960 19	1 610 19
Equipment maintenance	2 000 00	968 05	(1 031 95)

The accompanying notes are an integral part of these financial statements.



# Ambulance Fund

<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
15 570 00	16 230 00	660 00
19 290 00	20 100 00	810 00
13 440 00	13 920 00	480 00
-	-	-
85 000 00	89 433 88	4 433 88
1 000 00	684 49	(315 51)
-	563 25	563 25
<u>134 300 00</u>	<u>140 931 62</u>	<u>6 631 62</u>
-	1 360 00	1 360 00
44 000 00	44 538 00	538 00
-	-	-
5 400 00	5 400 00	-
4 200 00	3 984 47	(215 53)
700 00	699 78	(22)
4 500 00	4 353 51	(146 49)
-	-	-
40 100 00	24 154 88	(15 945 12)
400 00	325 00	(75 00)
600 00	138 00	(462 00)
700 00	585 72	(114 28)
1 700 00	229 65	(1 470 35)
200 00	-	(200 00)
2 000 00	1 279 01	(720 99)
300 00	-	(300 00)
11 500 00	11 244 26	(255 74)
4 000 00	3 373 34	(626 66)
450 00	393 75	(56 25)

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES – BUDGET AND  
ACTUAL – FIRE AND AMBULANCE FUNDS  
Year Ended March 31, 2004

EXHIBIT C  
Page 2

	<u>Fire Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures: (continued)			
Public safety: (continued):			
Vehicle maintenance	9 676 00	6 713 53	(2 962 47)
Building expense	1 925 00	1 894 50	(30 50)
Snow plowing	2 500 00	1 695 00	(805 00)
Training	6 000 00	4 759 19	(1 240 81)
Miscellaneous	1 000 00	589 46	(410 54)
Contingency	10 152 43	-	(10 152 43)
Capital outlay	168 366 50	163 296 53	(5 069 97)
Debt service	-	-	-
Total expenditures	<u>305 294 93</u>	<u>278 325 79</u>	<u>(26 969 14)</u>
Excess (deficiency) of revenues over expenditures	<u>(149 274 93)</u>	<u>(104 381 92)</u>	<u>44 893 01</u>
Other financing sources (uses):			
Loan proceeds	<u>88 836 00</u>	<u>88 836 00</u>	<u>-</u>
Total other financing sources (uses)	<u>88 836 00</u>	<u>88 836 00</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(60 438 93)	(15 545 92)	44 893 01
Fund balances, April 1	<u>60 538 93</u>	<u>261 088 95</u>	<u>200 550 02</u>
Fund Balances, March 31	<u>100 00</u>	<u>245 543 03</u>	<u>245 443 03</u>

The accompanying notes are an integral part of these financial statements.

<u>Ambulance Fund</u>		
<u>Budget</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
1 500 00	1 274 70	(225 30)
3 600 00	3 300 00	(300 00)
-	-	-
2 500 00	1 523 00	(977 00)
2 800 00	718 09	(2 081 91)
-	-	-
10 200 00	10 200 00	-
8 400 00	-	(8 400 00)
<u>149 750 00</u>	<u>119 075 16</u>	<u>(30 674 84)</u>
<u>(15 450 00)</u>	<u>21 856 46</u>	<u>37 306 46</u>
-	-	-
-	-	-
(15 450 00)	21 856 46	37 306 46
<u>15 450 00</u>	<u>113 696 25</u>	<u>98 246 25</u>
<u>-</u>	<u>135 552 71</u>	<u>135 552 71</u>

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies

The accounting policies of Laingsburg, Sciota, Woodhull Emergency Services Authority, Shiawassee and Clinton Counties, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Authority contain all the funds and account groups that are controlled by or dependent on the Authority's executive or legislative branches.

The reporting entity is the Laingsburg, Sciota, Woodhull Emergency Services Authority. The Authority is governed by an appointed Commission. As required by generally accepted accounting principles, these financial statements present the Authority as the primary government.

Basis of Presentation

The financial activities of the local unit are recorded in separate funds, and account groups categorized and described as follows:

Governmental Funds

Special Revenue Funds

These funds are used to account for all financial transactions not accounted for in other funds, including the general operating expenditures of the local unit. Revenues are derived primarily from intergovernmental revenues.

Account Group

General Long-Term Debt Account Group

This account group presents the balance of general obligation long-term debt.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and, expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of appropriations from other local units of government. Revenues are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Fixed Assets

Purchases of general fixed assets are recorded as expenditures in the respective fund at the time of purchase. The Authority has not maintained the General Fixed Assets Group of Accounts which is required by generally accepted accounting principles.

Investments

Investments are stated at market.

Receivables

Receivables have been recognized for all significant amounts due to the Authority. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Inventories

Inventories of supplies are considered to be immaterial and are not recorded.

Compensated Absences (Vacation and Sick Leave)

Employees are not allowed to accumulate vacation and sick leave and therefore no accumulated amounts are recorded in the financial statements.

Budgets and Budgetary Accounting

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

1. Prior to the beginning of the fiscal year the proposed budget for each budgetary fund is submitted to the Commission for consideration.
2. The proposed budgets include expenditures as well as the methods of financing them.
3. Public hearings are held to obtain taxpayer comments.
4. The budgets are adopted at the activity level by the majority vote of the Commission.
5. The budgets are adopted on the modified accrual basis of accounting.
6. The originally adopted budgets can be amended during the year only by a majority vote of the Commission.
7. The adopted budgets are used as a management control device during the year for all budgetary funds.
8. Budget appropriations lapse at the end of each fiscal year.
9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Commission during the fiscal year.

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 1 – Summary of Significant Accounting Policies (continued)

Encumbrances

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.

Postemployment Benefits

The Authority provides no postemployment benefits to past employees.

Note 2 – Deposits and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Authority has designated four banks for the deposit of Authority funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in all investments authorized by state law as listed above.

The Authority's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits are as follows:

Total Deposits

Carrying  
Amounts

360 076 37

LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS  
March 31, 2004

Note 2 – Deposits and Investments (continued)

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	<u>Bank Balances</u>
Insured (FDIC)	313 061 30
Uninsured and Uncollateralized	<u>49 354 02</u>
Total Deposits	<u><u>362 415 32</u></u>

The Authority did not have any investments as of March 31, 2004.

Note 3 – Changes in General Long-Term Debt

A summary of changes in general long-term debt follows:

	<u>Balance 4/1/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 3/31/04</u>
Contract payable – ambulance	28 367 01	-	-	28 367 01
Contract payable – fire truck	<u>-</u>	<u>88 836 00</u>	<u>-</u>	<u>88 836 00</u>
Totals	<u><u>28 367 01</u></u>	<u><u>88 836 00</u></u>	<u><u>-</u></u>	<u><u>117 203 01</u></u>

During the year 1997 a loan was obtained in the amount of \$58,783.00 from a bank to be used toward the purchase of an ambulance. The contract payable requires ten annual payments in the amount of \$8,379.86 including interest. The principal balance outstanding as of March 31, 2004, was \$28,367.01 and it is recorded in the General Long-Term Debt Account Group.

On April 17, 2003, the Authority obtained a loan in the amount of \$88,836.00 from a bank to be used toward the purchase of a fire truck. The contract payable includes interest at the rate of 3.40% per annum and is due in five annual installments, through April 25, 2008. The principal balance outstanding as of March 31, 2004, was \$88,836.00, and it is recorded in the General Long-Term Debt Account Group.

Note 4 – Deferred Compensation Plan

The Authority does not have a deferred compensation plan.



LAINGSBURG, SCIOTA, WOODHULL  
EMERGENCY SERVICES AUTHORITY  
Shiawassee and Clinton Counties, Michigan

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

Note 5 – Pension Plan

The Authority does not have a pension plan.

Note 6 – Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Authority has purchased commercial insurance for property loss, torts and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 7 – Total Columns on Combined Statements--Overview

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation, because interfund eliminations have not been made in the aggregation of this data.

# **CAMPBELL, KUSTERER & CO., P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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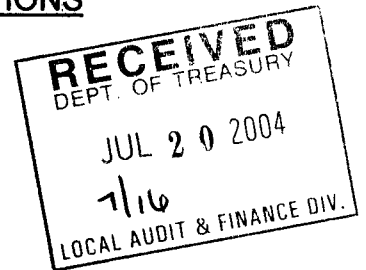
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## **AUDIT COMMUNICATION AND REPORT OF COMMENTS AND RECOMMENDATIONS**

June 25, 2004

To the Authority Commission  
Laingsburg, Sciota, Woodhull Emergency Services Authority  
Shiawassee and Clinton Counties, Michigan



We have audited the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority, for the year ended March 31, 2004. As required by auditing standards generally accepted in the United States, the independent auditor is required to make several communications to the governing body having oversight responsibility for the audit. The purpose of this communication is to provide you with additional information regarding the scope and results of our audit that may assist you with your oversight responsibilities of the financial reporting process for which management is responsible.

### **AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES**

We conducted our audit of the financial statements of the Laingsburg, Sciota, Woodhull Emergency Services Authority in accordance with auditing standards generally accepted in the United States. The following paragraph explains our responsibilities under those standards.

Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for the safeguarding of assets, and for devising an internal control structure that will, among other things, help assure the proper recording of transactions. The transactions that should be reflected in the accounts and in the financial statements are matters within the direct knowledge and control of management. Our knowledge of such transactions is limited to that acquired through our audit. Accordingly, the fairness of representations made through the financial statements is an implicit and integral part of management's accounts and records. However, our responsibility for the financial statements is confined to the expression of an opinion on them. The financial statements remain the responsibility of management.

The concept of materiality is inherent in the work of an independent auditor. An auditor places greater emphasis on those items that have, on a relative basis, more importance to the financial statements and greater possibilities of material error than those items of lesser importance or those in which the possibility of material error is remote.

To the Authority Commission  
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For this purpose, materiality has been defined as "the magnitude of an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement."

An independent auditor's objective in an audit is to obtain sufficient competent evidential matter to provide a reasonable basis for forming an opinion on the financial statements. In doing so, the auditor must work within economic limits; the opinion, to be economically useful, must be formed within a reasonable length of time and at reasonable cost. That is why an auditor's work is based on selected tests rather than an attempt to verify all transactions. Since evidence is examined on a test basis only, an audit provides only reasonable assurance, rather than absolute assurance, that financial statements are free of material misstatement. Thus, there is a risk that audited financial statements may contain undiscovered material errors or fraud. The existence of that risk is implicit in the phrase in the audit report, "in our opinion."

In the audit process, we gain an understanding of the internal control structure of an entity for the purpose of assisting in determining the nature, timing, and extent of audit testing. Our understanding is obtained by inquiry of management, testing transactions, and observation and review of documents and records. The amount of work done is not sufficient to provide a basis for an opinion on the adequacy of the internal control structure.

### **SIGNIFICANT ACCOUNTING POLICIES**

The significant accounting policies are described in Note 1 to the financial statements.

### **OTHER COMMUNICATIONS**

Auditing standards call for us to inform you of other significant issues such as, but not limited to, 1) Accounting estimates that are particularly sensitive because of their significance to the financial statements or because of the possibility that future events affecting them may differ markedly from management's current judgments; 2) Significant audit adjustments that may not have been detected except through the auditing procedures we performed; 3) Disagreements with management regarding the scope of the audit or application of accounting principles; 4) Consultation with other accountants; 5) Major issues discussed with management prior to retention; and 6) Difficulties encountered in performing the audit.

We have no significant issues, regarding these matters, to report to you at this time. Audit adjustments were minimal, and are available to review.

To the Authority Commission  
Laingsburg, Sciota, Woodhull Emergency Services Authority  
Shiawassee and Clinton Counties, Michigan

### **GASB 34 IMPLEMENTATION**

The Governmental Accounting Standards Board issued a new reporting model for governmental units which is to be implemented over the next few years. The implementation date of this pronouncement for the Laingsburg, Sciota, Woodhull Emergency Services Authority will begin with the year ended March 31, 2004, and will need to be implemented fully by March 31, 2005. The daily operations and recording transactions should not change significantly, however, the Authority will be required to maintain additional records for the year end adjustments to the final presentation format.

### **COMMENTS AND RECOMMENDATION REGARDING INTERNAL CONTROLS/ COMPLIANCE/ EFFICIENCY**

Our procedures disclosed the following conditions that we would like to bring to your attention:

#### **SEGREGATION OF DUTIES**

A separation of duties between persons who authorize transactions and persons who have control over the related assets does not always exist.

The least desirable accounting system is one in which an employee is responsible for executing the transaction and then recording the transaction from its origin to its ultimate posting in the General Ledger. This increases the likelihood that intentional or unintentional errors will go undetected. In most cases, adequate segregation of duties substantially increases control over errors without duplication of effort.

We understand that due to the size of needed staff, a proper segregation of duties may be impractical and the "cost to benefit" relationship may not justify the addition of accounting staff to accomplish the desired segregation.

These conditions were considered in determining the nature, timing and extent of the audit tests to be applied in our audit of the Authority's financial statements and this communication of these matters does not affect our report on the Authority's financial statements, dated March 31, 2004.

#### **SUMMARY**

We welcome any questions you may have regarding the foregoing comments and we would be happy to discuss any of these or other questions that you might have at your convenience.

Sincerely,

*Campbell, Kusterer : Co., P.C.*

CAMPBELL, KUSTERER & CO., P.C.  
Certified Public Accountants